

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

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In the matter of the application of)	
MICHIGAN GAS UTILITIES CORPORATION)	
for authority to reconcile its 2016 energy)	Case No. U-18339
optimization plan costs and revenues and to revise)	
surcharges.)	
_____)	

At the July 31, 2017 meeting of the Michigan Public Service Commission in Lansing,
Michigan.

PRESENT: Hon. Sally A. Talberg, Chairman
Hon. Norman J. Saari, Commissioner
Hon. Rachael A. Eubanks, Commissioner

ORDER APPROVING SETTLEMENT AGREEMENT

On March 6, 2017, Michigan Gas Utilities Corporation (MGUC) filed an application, with supporting testimony and exhibits, requesting authority to reconcile its energy optimization¹ (EO) plan revenues and costs for the 12-month period ended December 31, 2016. MGUC also requested approval of revised EO surcharges.

On June 14, 2017, a prehearing conference was held before Administrative Law Judge Martin Snider. The Commission Staff and MGUC participated in the proceedings. Subsequently, the parties submitted a settlement agreement resolving all issues in the case.

According to the terms of the settlement agreement, attached as Exhibit A, the parties agreed that the total payment of \$3,673,562 to the independent energy optimization program administrator

¹ Pursuant to 2016 PA 342, “energy optimization” is now “energy waste reduction” (EWR).

satisfied the requirements of MCL 460.1091(1) and that the proposed reconciliation of 2016 EO revenues and costs should be approved. The parties further agreed that the net underrecovery of \$361,837, inclusive of interest through December 31, 2016, plus the prior-period, rolled-in overrecovery for 2015, should be reflected as the beginning balance for MGUC's 2017 EO (now, EWR) plan reconciliation. Finally, the parties agreed that the surcharges shown in Attachment 1 to the settlement agreement should be approved for bills rendered on and after August 1, 2017, through December 31, 2018.

After review of the settlement agreement, the Commission finds that it is reasonable, in the public interest, and should be approved.

THEREFORE, IT IS ORDERED that:

- A. The settlement agreement, attached as Exhibit A, is approved.
- B. The proposed reconciliation of 2016 energy optimization revenues and costs is approved, and the resulting net underrecovery of \$361,837, shall be reflected as the beginning balance for Michigan Gas Utilities Corporation's 2017 energy waste reduction plan reconciliation.
- C. The revised surcharges set forth in Attachment 1 to the settlement agreement are approved for bills rendered on and after August 1, 2017.
- D. Michigan Gas Utilities Corporation shall file with the Commission, within 30 days of this order, a tariff sheet substantially similar to Attachment 1 to the settlement agreement.

The Commission reserves jurisdiction and may issue further orders as necessary.

Any party desiring to appeal this order must do so by the filing of a claim of appeal in the Michigan Court of Appeals within 30 days of the issuance of this order, under MCL 462.26. To comply with the Michigan Rules of Court's requirement to notify the Commission of an appeal, appellants shall send required notices to both the Commission's Executive Secretary and to the Commission's Legal Counsel. Electronic notifications should be sent to the Executive Secretary at mpscedockets@michigan.gov and to the Michigan Department of the Attorney General - Public Service Division at pungp1@michigan.gov. In lieu of electronic submissions, paper copies of such notifications may be sent to the Executive Secretary and the Attorney General - Public Service Division at 7109 W. Saginaw Hwy., Lansing, MI 48917.

MICHIGAN PUBLIC SERVICE COMMISSION

Sally A. Talberg, Chairman

Norman J. Saari, Commissioner

Rachael A. Eubanks, Commissioner

By its action of July 31, 2017.

Kavita Kale, Executive Secretary

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

* * * *

In the matter of the application of)	
MICHIGAN GAS UTILITIES CORPORATION)	Case No. U-18339
for authority to reconcile its 2016 energy optimization plan)	
<u>costs and revenues and to revise surcharges.</u>)	

SETTLEMENT AGREEMENT

As provided in § 78 of the Administrative Procedures Act of 1969 ("APA"), as amended, MCL 24.278, and Rule 431 of the Michigan Administrative Hearing System's Administrative Hearing Rules, 2015 AC, R 792.10431, Michigan Gas Utilities Corporation ("MGUC") and the Michigan Public Service Commission Staff ("Staff"), hereby agree as follows:

1. On March 6, 2017, MGUC filed with the Michigan Public Service Commission ("Commission") its Application, along with the testimony and exhibits of its witness David J. Tyler to reconcile its Energy Optimization ("EO") plan revenues and costs for the 12-month period ended December 31, 2016.

2. On May 12, 2017, the Commission's Executive Secretary issued a Notice of Hearing directing MGUC to mail a copy of the Notice of Hearing to all cities, incorporated villages, townships, and counties in its Michigan service area, as well as to intervenors in Case No. U-18015. The Commission further directed MGUC to publish the Notice of Hearing in daily newspapers of general circulation throughout its Michigan service area. As directed, MGUC filed with the Commission the requisite proofs of publication and mailing on June 12, 2017.

3. On June 14, 2017, Administrative Law Judge Martin Snider presided over a prehearing conference in this matter. Staff entered its Appearance. There were no intervenors.

4. Subsequent to the prehearing conference, the parties have engaged in settlement discussions and, as a result, have reached agreement on all of the issues in this case. The parties to this settlement agreement agree as follows:

- a. The total 2016 payment of \$3,673,562 to the Independent Energy Optimization Program Administrator satisfies the requirements of MCL 460.1091(1);
- b. The proposed reconciliation of 2016 EO revenues and costs is approved; and the resulting net underrecovery of \$361,837, inclusive of interest through December 31, 2016, should be rolled into the 2017 EO (to be henceforth known as energy waste reduction or EWR) costs and reconciliation. The 2016 net underrecovery reflects the roll-in of the 2015 overrecovery of \$280,521; and
- c. The proposed revised EO surcharges incorporated into the tariff sheets attached hereto as Attachment 1, should be approved for bills rendered on and after August 1, 2017 through December 31, 2018.

5. All of the signatories are of the opinion that this settlement agreement is reasonable, in the public interest and will aid the expeditious conclusion of this case.

6. This settlement agreement is intended to be a final disposition of this proceeding, and the parties join in respectfully requesting that the Commission grant prompt approval. The parties agree not to appeal, challenge or contest the Commission's order accepting and approving this settlement agreement without modification. If the Commission does not accept the

settlement agreement without modification, the agreement shall be withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose whatsoever.

7. This settlement agreement has been made for the sole and express purpose of settling this case, and all discussions relating hereto are and shall be privileged and shall not be used in any manner, or be admissible for any other purpose in connection with this proceeding or any other proceeding hereof. This settlement agreement does not constitute precedent in any other case or proceeding. Without limiting the generality of the foregoing, this settlement agreement shall not constitute *res judicata* or collateral estoppel as to any issue. Neither the parties to the settlement nor the Commission shall use this settlement agreement or the order approving it, as precedent in any case or proceeding; provided however, reference to Paragraph 4 may be made to enforce or implement the provisions thereof in subsequent EWR proceedings.

8. The parties agree to waive Section 81 of the APA of 1969, as amended, MCL 24.281, as it applies to this proceeding, if the Commission approves this settlement agreement without modification.

MICHIGAN GAS UTILITIES CORPORATION

Theresa A. G.
Staley

Digitally signed by: Theresa A. G. Staley
DN: CN = Theresa A. G. Staley email =
staley@millercanfield.com C = AD O = Miller
Canfield
Date: 2017.07.20 09:48:47 -05'00'

Dated: July 20, 2017

By:

Its Attorney
Sherri A. Wellman (P38989)
Theresa A. G. Staley (P56998)
MILLER, CANFIELD, PADDOCK and STONE, P.L.C.
One Michigan Avenue, Suite 900
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(517) 487-2070

MICHIGAN PUBLIC SERVICE COMMISSION STAFF

Dated: July 20, 2017

By: 

One of Its Attorney
Amit T. Singh (P75492)
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**SECTION D
RATE SCHEDULES**

D1. GENERAL TERMS AND CONDITIONS OF THE TARIFF

(1) Controlled service.

All rates are subject to all provisions in Rule C2. of the Rules and Regulations of the Company which are applicable to priority of service hereunder.

(2) Territory served.

All rates apply in the territory served by the Company, comprising the cities, villages and townships in all Districts in the applicable Rules and Regulations of the Company except where specifically noted.

D2. SUPPLEMENTAL CHARGES

Each Rate Schedule may be subject to supplemental charges under Rule C11, Customer Attachment Program, and Energy Optimization ("EO") surcharges required by Public Act 295, as detailed below:

Reservation Charge – this charge allows for the recovery of costs related to the assets necessary to provide peak-day coverage and for the utility to serve as the "supplier of last resort", as required by the Commission in Case No. U-15929. For GCR purposes, the Reservation Charge is a component of the Base GCR factor.

Reservation Charge
(As set forth on Sheet No. D-2.00)

ENERGY OPTIMIZATION Surcharge – this charge permits, pursuant to Section 91(4) of 2008 PA 295, the adjustment of rates, to allow for recovery of the payments made by the Company in compliance with Section 91(1) of 2008 PA 295.

<u>Customer Class</u>	<u>EO Surcharge</u>
Residential	\$0.1462 per Mcf
Small General Service	\$ 4.13 per meter, per month
Large General Service	\$ 90.61 per meter, per month
Commercial Lighting	\$ 9.71 per contract, per month
Special Contracts	\$177.89 per month
Transportation -	
TR-1	\$ 42.34 per meter, per month
TR-2	\$139.35 per meter, per month
TR-3	\$904.31 per meter, per month

Continued on Sheet No. D-2.00

Issued:
By Theodore Eidukas
VP - Regulatory Affairs
Milwaukee, Wisconsin

Effective for bills rendered
On and After: **August 1, 2017**
Issued Under Authority of the
Michigan Public Service Commission
Order Dated
In Case No: U-18339